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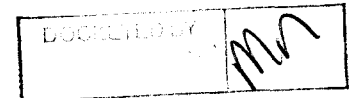
MEMORANDUM
RECEIVED

TO: Docket Control Center

FROM: Ernest G. Johnson
Director
Utilities DivisionEA for EGB
OCT 22 A 11: 01
AZ CORP COMMISSION
DOCKET CONTROLArizona Corporation Commission
DOCKETED

OCT 22 2008

DATE: October 22, 2008

RE: WILLOW SPRINGS UTILITIES, L.L.C. - REQUEST FOR EXTENSION OF
COMPLIANCE DEADLINES (DOCKET NO. WS-20432A-05-0874)History

In Decision No. 68963 dated September 21, 2006, the Arizona Corporation Commission ("Commission") approved the application of Willow Springs Utilities, L.L.C. ("Willow Springs" or "Company") for a Certificate of Convenience and Necessity ("CC&N") to provide wastewater service in Pinal County, Arizona. Amongst other requirements in Decision No. 68963, the Company was ordered to file the following from the Arizona Department of Environmental Quality ("ADEQ") and the Department of Water Resources ("ADWR"):

- a) By December 30, 2007, provide a copy of the Approval to Construct issued by ADEQ for the proposed Phase One water source/treatment and distribution system.
- b) By December 31, 2008, provide a copy of the Approval of Construction issued by ADEQ for the proposed Phase One water source/treatment and Distribution System.
- c) Within one year of the effective date of this Decision, provide a copy of the Designation or Certificate of Assured Water Supply issued by ADWR.

On August 15, 2007, Willow Springs docketed a "request for extension" which discussed items a and b outlined above, stating that the real estate market and re-thinking of the development caused it to be delayed. On September 19, 2007, the Company then sought an extension for the ADWR Designation or Certificate of Assured Water Supply shown as item c above. Via an October 26, 2007 Procedural Order, the Commission ultimately authorized the following extensions of time:

<u>Requirement</u>	<u>Original Due Date</u>	<u>First Extension Date</u>
Approval to Construct	December 30, 2007	December 30, 2008
Approval of Construction	December 31, 2008	December 31, 2009
Designation of Assured Water Supply	September 21, 2007	September 21, 2008

The Designation of Assured Water Supply was subsequently provided to the Commission on May 1, 2008. This left only the ADEQ Approval to Construct ("ATC") and Approval of

Construction ("AOC") items to be completed from the Company's August 15, 2007, initial request for extension of time.

Current Request

On September 22, 2008, Willow Springs docketed a request for an Additional Extension of Time on the above ATC and AOC items, in combination with an initial request for extension of time on two other items from Decision No. 68963 - the Aquifer Protection Permit ("APP") and AZPDES permit. Unfortunately, the September 22, 2008 filing did not include a required letter from the developer reiterating its need for receiving service from the Company. The developer letter was later docketed on October 7, 2008. In the current request, the Company seeks new and additional extensions of time as follows:

<u>Requirement</u>	<u>Original Due Date</u>	<u>First Extension Date</u>	<u>Proposed Due Date</u>
Approval to Construct	December 30, 2007	December 31, 2008	December 31, 2010
Approval of Construction	December 31, 2008	December 31, 2009	December 31, 2011
Aquifer Protection Permit	December 31, 2008	N/A	December 31, 2010
AZPDES	December 31, 2008	N/A	December 31, 2010

The current application states that the Developer had replatted the initial phases of the development and that those plans are expected to be submitted to ADEQ at the end of 2008, but not in time to permit a timely filing with the ACC by December 31, 2008. It further stated that the Aquifer Protection Permit is in the "substantive review" phase at ADEQ but is also not expected to be processed by year end. After the APP is received, the Company states that the AZPDES can then be processed.

Staff contacted ADEQ to verify that the agency did have an APP application from Willow Springs on file and that the application was in the final phase of the review process – also known as the "substantive review" phase. ADEQ confirmed that the Willow Springs APP is in process and is currently in that substantive review stage. The APP is therefore in the typical administrative process which involves repeated interaction between the agency and the Company. The ATC plans will follow and the AOC will be processed by ADEQ after each of the other items is completed. The AOC should therefore have a due date later than the other items. ADEQ also commented on the portion of the application where the Company stated "once the APP is issued, the AZPDES can be processed". As a clarification item, Staff notifies the Company that ADEQ confirmed that there is no precursor relationship between the issuance of the APP and that of the AZPDES and the Company can apply for both concurrently.

Staff Recommendation

In summary, due to the continued real estate slowdown, the Company is seeking two year extensions on the ATC and AOC (second extension) and two year extensions on the APP and AZPDES permits (first extension). Based on the application and all of the above, Staff does not object to the Company's request for extension on these four items. Staff therefore recommends

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that the Commission grant Willow Springs application to extend the compliance dates for the ATC, APP and AZPDES until December 31, 2010 and the AOC until December 31, 2011. Staff further recommends that the Commission grant no more extensions in this matter.

EGJ:BKB:lhbm

Originator: Brian K. Bozzo

Attachment

SERVICE LIST FOR:
DOCKET NO.

WILLOW SPRINGS UTILITIES, L.L.C.
WS-20432A-05-0874

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September 22, 2008

HAND DELIVERY

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Arizona Corporation Commission

DOCKETED

SEP 22 2008

DOCKETED BY	<i>MM</i>
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2008 SEP 22 P 12:40
AZ CORP COMMISSION
DOCKET CONTROL

Re: Willow Springs Utilities, L.L.C.; Certificate of Convenience and Necessity; Docket No. WS-20432A-05-0874; Decision No. 68963; Request for Additional Extension of Compliance Filing Dates.

Dear Mr. Johnson:

Willow Springs Utilities, L.L.C., (the "Company") requests a second extension of time to comply with certain provisions of the subject Decision. As you know, the Company has made substantial progress in obtaining the compliance items required. The Tariff, including the Curtailment Tariff, was filed. The CAAG 208 Plan Amendment and the ADWR approvals, clearly the two most difficult approvals to obtain, have been filed with the Commission. Also, the Pinal County Franchise, although not required to be filed, has been docketed.

Obtaining the four remaining items is on track, but will take some additional time to complete. Please recall this is a large master planned community that will benefit Pinal County in many ways, and is being developed by one of the nation's largest residential home builders. The Developers have invested multiple millions of dollars in this community, with even more planned, so it is essential that the entitlement process, including the CC&N continue. Also recall that the real estate market has been in turmoil for a couple of years. The existing residential market difficulties are widely reported, but the new community and land development business are equally, if not more, depressed. All that said, the Commission is well aware that large projects require complex entitlement and financing coordination, even in the best of times. Although this project has not proceeded on the timetable set forth at the hearing on this matter, the Developers are certain that with the Commission's assistance it will proceed, albeit on a delayed schedule.

Ernest Johnson
September 22, 2008
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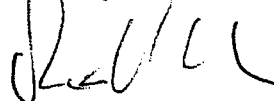
Having received the CAAG 208 Plan Amendment assures that Willow Springs will be the ADEQ designated wastewater provider. The Aquifer Protection Permit is in the "substantive review" phase of ADEQ processing and we expect it to be issued soon, but probably not by year-end. Once the APP is issued, the AZPDES can be processed.

As indicated in the Company's only other request for an extension, the Developer has replatted the initial phases of the development. It is expected that those plans will be submitted to ADEQ in the fourth Quarter 2008, but it is unlikely they will be approved so as to permit timely filing with the Commission by December 31, 2008. The final compliance requirement, the AOC, will obviously not be available for approximately one year after the ATC. This large project is well on its way and postured to proceed quickly when the market rebounds. Extending the compliance date on these items will permit this master planned community to proceed as contemplated by the Developers and the Commission at the time the Decision was issued.

Therefore, and to provide sufficient time for the Company to assure receipt of the required items, the Company hereby requests that the present due dates for the APP, AZPDES, and ATC be extended by two years to December 31, 2010, and the due date for the AOC be extended to December 31, 2011. As the Company receives the above approvals before the requested extended compliance dates, we will immediately docket them with the Commission.

Thank you for your consideration in this matter. In the event you have any questions regarding these matters, please do not hesitate to call the undersigned.

Sincerely,



Richard L. Sallquist

cc: Docket Control (15 copies)
Judge Marc Stern
Legal Division
Brian Bozzo
Alex Argueta
Kevin Tarbox
Bruce MacKenzie
Kristen Whatley